

August 28, 2006

**VIA FEDERAL EXPRESS**

Honorable James H. Welsh  
Commissioner of Conservation  
Office of Conservation  
617 North Third Street, 8<sup>th</sup> Floor  
Baton Rouge, Louisiana 70804

Re: **Hearing Application**

R-1 Sand, Reservoir A, Sand Unit A  
**DEEP LAKE FIELD**  
Cameron Parish, Louisiana

**Applicant: Pel-Tex Oil Company, L.L.C.**  
Our File: 1385-24417

Dear Commissioner Welsh:

In compliance with the Rules of Procedure for Conducting Hearings Before the Commissioner of Conservation of the State of Louisiana, Application is hereby made on behalf of **Pel-Tex Oil Company, L.L.C.**, for a public hearing, after legal notice, to consider evidence relative to the issuance of one or more orders pertaining to the following matters relating to the R-1 Sand, Reservoir A, Sand Unit A, DEEP LAKE FIELD, Cameron Parish, Louisiana.

1. To create a single drilling and production unit of approximately 81 acres for the R-1 Sand, Reservoir A, designated as the R-1 Sand RA SUA, Deep Lake Field, Cameron Parish, Louisiana, all as shown more particularly on the attached plat;

2. To establish rules and regulations governing the exploration for and production of gas and condensate from the R-1 Sand, Reservoir A, in the Deep Lake Field, Cameron Parish, Louisiana;

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3. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the proposed unit, with each tract sharing in unit production on a surface acreage basis of participation;
4. To designate a unit well and a unit operator for the R-1 Sand RA SUA; and
5. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

The R-1 Sand, in the Deep Lake Field, is hereby defined as being that gas and condensate bearing sand encountered between the depths of 13,321 feet and 13,466 feet (electric log measurements) in the Pel-Tex Oil Company L.L.C.—Miami Corporation E Well No. 1, located in Section 35, Township 15 South, Range 3 West, Cameron Parish, Louisiana.

In compliance with the Rules of Procedure for Conducting Hearings Before the Commissioner of Conservation of the State of Louisiana, a Pre-Application Conference to discuss the proposed application was held at 11:00 a.m. on Thursday, August 24, 2006, at the offices of Gordon, Arata, McCollam, Duplantis & Eagan, L.L.P., located at Suite 4200, 400 East Kaliste Saloom Road, Lafayette, Louisiana 70508. Attached hereto and made a part hereof is the list of names and addresses of the parties who were in attendance at that pre-application conference. The conference was opened by the undersigned who set forth the purpose and rules relating to the conference. Mr. Harold "Chip" LeBlanc, Jr. of LeBlanc Geological, Inc. presented the proposed plan on behalf of the Applicant and explained the geologic bases of the unit being proposed. After Mr. LeBlanc's presentation, the undersigned and Mr. LeBlanc answered questions from the audience.

The undersigned then called upon the audience to present any counterplans. Mr. Bill Clay presenting on behalf of Mr. David Sturlese, representing the Bates and Canik Families who own mineral interests in the proposed unit and/or to the east to the northeastern boundary of the proposed unit, presented a counterplan. Mr. Clay's proposed unit differed from the Applicant's proposed unit in that it would shift the northeastern boundary of the proposed unit to the east and include interests of the Bates and Canik property in the proposed unit that would result in a proposed unit consisting of approximately 92 acres (11 acres more than the Applicant's proposed unit). Thereafter Mr. Clay answered questions from the audience. Messrs. Jack Martin and Frank Harrison, representing themselves reserved their rights to file a counterplan. Mr. Louis Gilbert representing Miami Corporation and Mr. Bill Dale representing Clayton Williams, Inc. expressed support for the Applicant's proposed unit but reserved their clients' rights to file counterplans if the Applicant's proposed unit was not as presented at the Pre-Application Conference. There being no other counterplans or questions, the undersigned informed the audience that the Applicant would take under consideration the sole counterplan presented but, would be immediately filing this

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Application. There being no further questions or discussion, the undersigned adjourned the conference.

It is anticipated that there will be one counterplan presented at the hearing relating solely to the location of the northeastern boundary and the size of the proposed unit. Upon receipt of the Legal Notice in the above-referenced matter, the said Legal Notice will be posted, published and mailed in accordance with Rule 7 of the Rules of Procedure for Conducting Hearings Before the Commissioner of Conservation of the State of Louisiana.

Enclosed and made a part hereof are a plat outlining the proposed R-1 Sand, Reservoir A, SUA, Deep Lake Field, Cameron Parish, Louisiana, and a list of the names and addresses of the Interested Owners, Represented Parties and Interested Parties to whom this Application is being sent. I hereby certified that a reasonable effort was made to ascertain the names and addresses of all Interested Owners, Represented Parties and Interested Parties.

**Pursuant to the Rules of Procedure for Conducting Hearings Before the Commissioner of Conservation of the State of Louisiana, a copy of the list of the names and addresses of the Interested Owners, Represented Parties and Interested Parties is not being mailed to those parties along with this Application. Should any such party desire a copy of this list, however, we will be glad to provide one upon request.**

Any pertinent data relating to the proposed unit can be obtained, **AT THE COST OF THE REQUESTING PARTY**, from Mr. Harold "Chip" LeBlanc, LeBlanc Geological Services, Inc, 2121 Ridgelake Drive, Suite 104, Metairie, La, 70001, telephone (504) 828-8700.

Finally, there is enclosed herewith our check on behalf of the Applicant in the amount of \$755.00, made payable to the Office of Conservation, representing the required hearing application fee.

Very truly yours,

  
Matthew J. Randazzo, III

MJR,III/  
(Enclosures)

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cc: (with plat, conference attendance list and list of parties)  
Mr. Richard D. Hudson  
District Manager  
Office of Conservation, Lafayette District

cc: (with plat and conference attendance list only)  
All Interested Owners, Interested Parties  
and Represented Parties

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R 3 W

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COLUMBIA GAS

PAN AM

KILROY

KILROY

HUNT

SHELL

13706 EST

13375

QUINTANA

13640 EST

13600

13500

13300

QUINTANA

13525

12496

14872

13500

SHELL

JP OWEN

13400

SKLAR & PHILLIPS

SHELL

DYNAMIC

7298

6801

13900

13800

13400

13325

12496

13436

13436

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MOBIL

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GOODRICH

12805

DYNAMIC

12343

7075

34

HELIS NR

14528

13710

12498

14385

7907

13700

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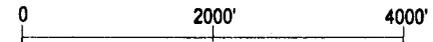
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COMPLETION

1

PEL-TEX OIL CO, LLC  
DEEP LAKE FIELD  
CAMERON PARISH, LOUISIANA

STRUCTURE ON  
R-1 SAND



LeBLANC GEOLOGICAL INC